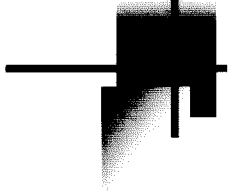




June 17, 2003

Ex Parte Presentation in
CC Docket 96-262
(FNPRM, FCC 01-146)



AGENDA

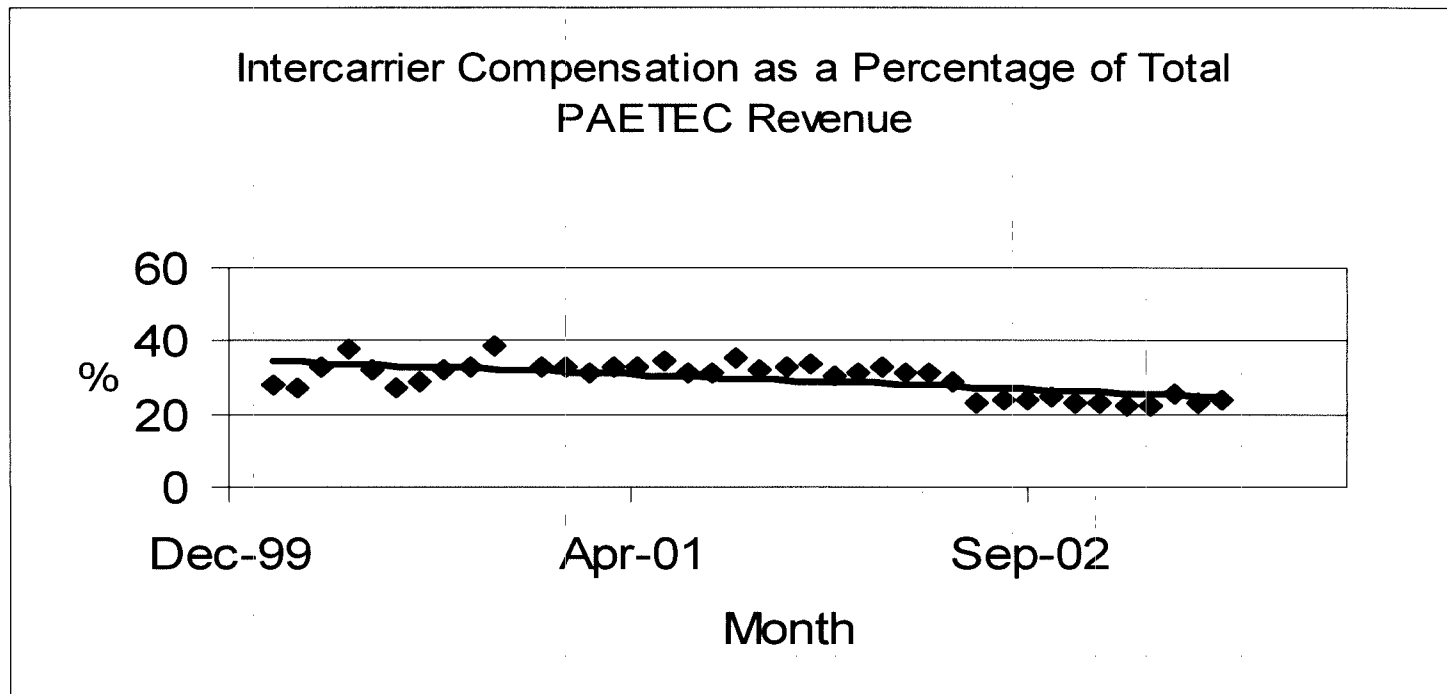
- PAETEC Overview
- 8YY FNP/PRM
- Action Items



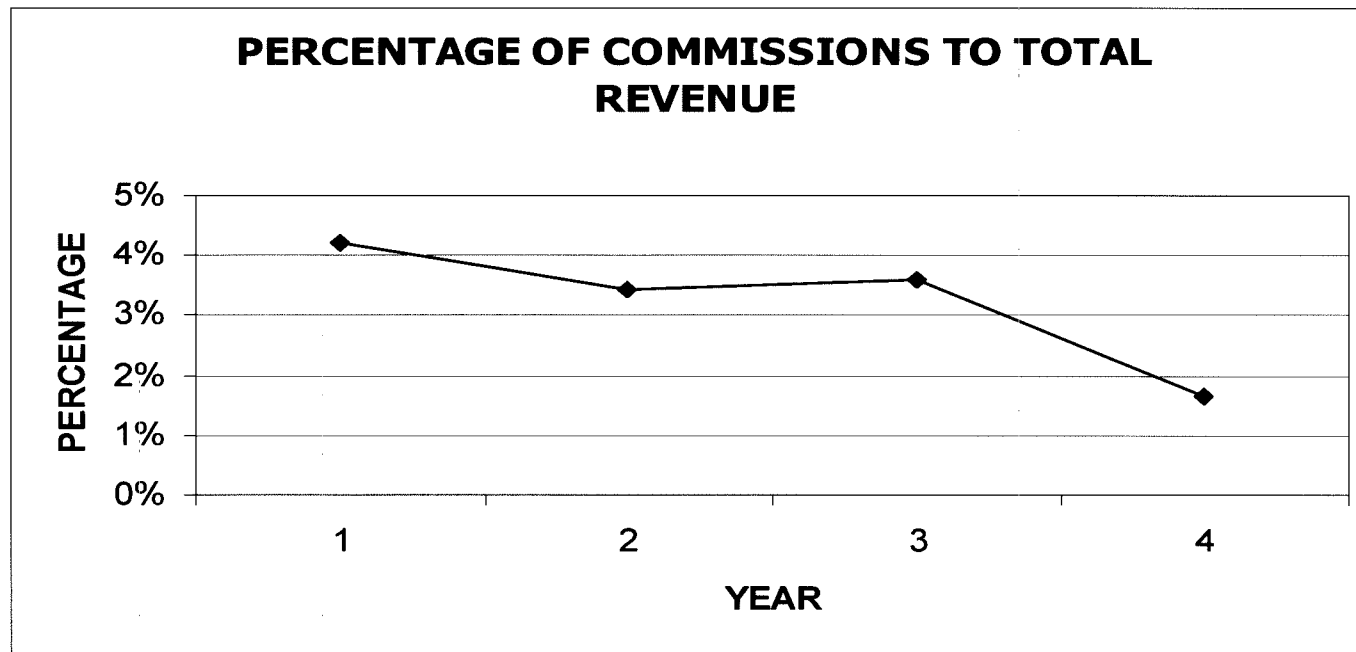
PAETEC OVERVIEW

- Founded in 1998
- Facilities-based interexchange, local and data carrier
- 27 markets nationwide
- Non-UNE based (owned switches/special access/leased network)
- 400,000 access line equivalents
- 2002 annual revenue = \$289M
- Positive net income since October 2002

Declining Dependence on Intercarrier Compensation



Declining Role of Revenue-Sharing Arrangements





8YY FNPRM

- 8YY revenue/revenue sharing do promote local competition
- Neither illegal nor fraudulent
- CLEC switched access “benchmark” rates minimize IXC exposure



ACTION ITEMS

- CLEC interstate switched access “benchmark” rates set in FCC 01-146 are sufficient to address IXC concerns
- No further action on 8YY access need be taken by FCC
- IXCs suspecting fraud should address those matters through FCC or court complaint process